



STATE OF ARIZONA

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GOVERNOR

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June 28, 2006

The Honorable Ken Bennett
President
Arizona State Senate
1700 West Washington Street
Senate Office Building
Phoenix, Arizona 85007

Re: SB1290: electric generation facilities; tax valuation

Dear President Bennett:

Today I vetoed Senate Bill 1290, relating to personal property tax valuations of electric generation facilities.

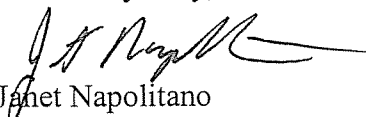
I did so for the same reasons that I vetoed Senate Bill 1247 on May 9, 2005. The Arizona Department of Revenue's valuation table has been developed as a result of careful and deliberate consideration of appropriate personal property depreciation for electric generation facilities, and our courts have upheld it as reasonable. This bill sets aside that table without considering either the Department's expertise in this area or our courts' rulings.

Moreover, the bill is unnecessary because our tax court has recently confirmed that taxpayers may challenge their valuations based on obsolescence, including claims that the economic life of their property is less than 25 years.

In any event, electric generating facilities already receive more favorable valuation treatment than other centrally valued industries because of previous legislative enactments providing for additional depreciation, obsolescence and the exemption for personal property construction work in progress. It is neither necessary nor appropriate to enact further tax valuation breaks for this industry at this time.

For these and other reasons I am vetoing Senate Bill 1290.

Yours very truly,


Janet Napolitano
Governor

JN:TAN/jm

cc: The Honorable Jim Weiers
The Honorable Dean Martin